



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE
Upper Peninsula Health Plan, Inc

NAIC Group Code00000, NAIC Company Code52615Employer's ID Number38-3379956

(Current Period)(Prior Period)

Organized under the Laws ofMichigan, State of Domicile or Port of EntryMichigan

Country of DomicileUnited States

Licensed as business type: Life, Accident & Health []Property/Casualty []Hospital, Medical & Dental Service or Indemnity []

Dental Service Corporation []Vision Service Corporation []Health Maintenance Organization []

Other []Is HMO, Federally Qualified? Yes [] No []

Incorporated/Organized10/14/1997Commenced Business08/01/1998

Statutory Home Office228 West Washington St, Marquette, MI 49855

(Street and Number)(City, State and Zip Code)

Main Administrative Office228 West Washington St

(Street and Number)

Marquette, MI 49855906-225-7500

(City, State and Zip Code)(Area Code) (Telephone Number)

Mail Address228 West Washington St, Marquette, MI 49855

(Street and Number or P.O. Box)(City, State and Zip Code)

Primary Location of Books and Records228 West Washington St

(Street and Number)

Marquette, MI 49855906-225-7500

(City, State and Zip Code)(Area Code) (Telephone Number) (Extension)

Internet Web Site AddressN/A

Statutory Statement ContactKevin William Carlson, 906-225-7500

(Name)(Area Code) (Telephone Number) (Extension)

kwcarlson@uphp.com906-225-8687

(E-Mail Address)(Fax Number)

OFFICERS

Name	Title	Name	Title
Dennis Smith	President	Greg Gustafson	Treasurer
Jerry Worden #	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Michelle Tavernier	David Jahn	John Schon	Jerry Worden
James Bogan	John Tembreull	Sherrice Perry	Charles Nelson
Eric Jurgensen			

State ofMichigan

County ofMarquette

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis SmithPresidentGreg GustafsonTreasurerJerry WordenSecretary

Subscribed and sworn to before me this19 day of February, 2010

a. Is this an original filing?Yes [X] No []

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached0

Tanya Jennings Administrative AssistantOctober 11, 2013

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	0		0	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$14,245,740 , Schedule E-Part 1), cash equivalents (\$0 , Schedule E-Part 2) and short-term investments (\$20,872,743 , Schedule DA).....	35,118,483		35,118,483	27,782,362
6. Contract loans (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	35,118,483	0	35,118,483	27,782,362
11. Title plants less \$charged off (for Title insurers only)			0	0
12. Investment income due and accrued	159		159	15,807
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premiums.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software.....	77,500	73,625	3,875	2,558
19. Furniture and equipment, including health care delivery assets (\$)	217,264	217,264	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$582,025) and other amounts receivable.....	1,132,025	550,000	582,025	616,568
23. Aggregate write-ins for other than invested assets	35,554	35,554	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	36,580,985	876,443	35,704,542	28,417,295
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	36,580,985	876,443	35,704,542	28,417,295
DETAILS OF WRITE-INS				
0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepays.....	35,554	35,554	0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	35,554	35,554	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	11,336,080		11,336,080	9,647,000
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	239,000		239,000	143,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	183,760		183,760	445,959
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	56,000	0	56,000	56,000
22 Total liabilities (Lines 1 to 21).....	11,814,840	0	11,814,840	10,291,959
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	3,592,171	3,592,171
25 Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	20,297,531	14,533,165
30. Less treasury stock, at cost:				
30.1shares common (value included in Line 24 \$)	XXX	XXX		0
30.2shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	23,889,702	18,125,336
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	35,704,542	28,417,295
DETAILS OF WRITE-INS				
2101. Reinsurance Loss Fund.....	56,000		56,000	56,000
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	56,000	0	56,000	56,000
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	323,793	308,290
2. Net premium income (including \$ non-health premium income).....	XXX	92,979,928	82,890,022
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	92,979,928	82,890,022
Hospital and Medical:			
9. Hospital/medical benefits		57,370,051	50,434,119
10. Other professional services		3,317,363	3,257,354
11. Outside referrals			0
12. Emergency room and out-of-area		2,722,777	2,557,846
13. Prescription drugs		11,456,964	10,907,806
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	74,867,155	67,157,125
Less:			
17. Net reinsurance recoveries		41,325	0
18. Total hospital and medical (Lines 16 minus 17)	0	74,825,830	67,157,125
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$100,228 cost containment expenses.....		1,250,126	1,540,043
21. General administrative expenses.....		11,120,720	9,770,567
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	87,196,676	78,467,735
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,783,252	4,422,287
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		44,936	496,455
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	44,936	496,455
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	5,828,188	4,918,742
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	5,828,188	4,918,742
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	18,125,336	13,217,805
34. Net income or (loss) from Line 32	5,828,188	4,918,742
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(63,822)	(20,526)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	9,315
48. Net change in capital & surplus (Lines 34 to 47)	5,764,366	4,907,531
49. Capital and surplus end of reporting period (Line 33 plus 48)	23,889,702	18,125,336
DETAILS OF WRITE-INS		
4701. Audit Entry.....		9,315
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	9,315

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	92,979,928	82,890,022
2. Net investment income	60,584	520,468
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	93,040,512	83,410,490
5. Benefit and loss related payments	73,102,207	65,389,822
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,537,045	11,307,189
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	85,639,252	76,697,011
11. Net cash from operations (Line 4 minus Line 10)	7,401,260	6,713,479
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	1,650,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	1,650,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	1,650,000
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(65,139)	(12,028)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(65,139)	(12,028)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Line 15 plus Line 17)	7,336,121	8,351,451
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	27,782,362	19,430,911
19.2 End of year (Line 18 plus Line 19.1)	35,118,483	27,782,362

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Upper Peninsula Health Plan, Inc

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	92,979,928	398,861	0	0	0	0	0	92,581,067	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	92,979,928	398,861	0	0	0	0	0	92,581,067	0	0
8. Hospital/medical benefits	57,370,051	136,679						57,233,372		XXX
9. Other professional services	3,317,363	7,903						3,309,460		XXX
10. Outside referrals	0	0								XXX
11. Emergency room and out-of-area	2,722,777	6,487						2,716,290		XXX
12. Prescription drugs	11,456,964	78,958						11,378,006		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	74,867,155	230,027	0	0	0	0	0	74,637,128	0	XXX
16. Net reinsurance recoveries	41,325							41,325		XXX
17. Total hospital and medical (Lines 15 minus 16)	74,825,830	230,027	0	0	0	0	0	74,595,803	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses	1,250,126	5,363						1,244,763		
20. General administrative expenses	11,120,720	47,705						11,073,015		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	87,196,676	283,095	0	0	0	0	0	86,913,581	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,783,252	115,766	0	0	0	0	0	5,667,486	0	0
DETAILS OF WRITE-INS										
0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	401,563		2,702	398,861
2. Medicare Supplement0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan0
6. Title XVIII - Medicare0
7. Title XIX - Medicaid.....	92,745,116		164,049	92,581,067
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	93,146,679	.0	166,751	92,979,928
10. Life0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	93,146,679	0	166,751	92,979,928

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Upper Peninsula Health Plan, Inc

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	73,760,100	251,840						73,508,260		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	41,325							41,325		
1.4 Net	73,718,775	251,840	0	0	0	0	0	73,466,935	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	11,336,080	47,052	0	0	0	0	0	11,289,028	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	11,336,080	47,052	0	0	0	0	0	11,289,028	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	582,025							582,025		
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	9,647,000	40,842	0	0	0	0	0	9,606,158	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	9,647,000	40,842	0	0	0	0	0	9,606,158	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	74,867,155	258,050	0	0	0	0	0	74,609,105	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	41,325	0	0	0	0	0	0	41,325	0	0
12.4 Net	74,825,830	258,050	0	0	0	0	0	74,567,780	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	2,325,507							2,325,507		
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	2,325,507	0	0	0	0	0	0	2,325,507	0	0
2. Incurred but Unreported:										
2.1. Direct	9,010,573	47,052						8,963,521		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	9,010,573	47,052	0	0	0	0	0	8,963,521	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	11,336,080	47,052	0	0	0	0	0	11,289,028	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	11,336,080	47,052	0	0	0	0	0	11,289,028	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	38,306	213,534		47,052	38,306	40,842
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	9,442,700	64,024,235	111,554	11,177,474	9,554,254	9,606,158
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	9,481,006	64,237,769	111,554	11,224,526	9,592,560	9,647,000
10. Healthcare receivables (a).....		582,025			0	
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	9,481,006	63,655,744	111,554	11,224,526	9,592,560	9,647,000

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	533	533	533	533	533
2. 2005	73	91	91	91	91
3. 2006	XXX	90	106	106	106
4. 2007	XXX	XXX	70	94	94
5. 2008	XXX	XXX	XXX	173	211
6. 2009	XXX	XXX	XXX	XXX	214

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	652	652	652	652	652
2. 2005	97	115	115	115	115
3. 2006	XXX	115	131	131	131
4. 2007	XXX	XXX	90	114	114
5. 2008	XXX	XXX	XXX	214	252
6. 2009	XXX	XXX	XXX	XXX	261

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2005	265	91	8	8.8	99	37.4	0	0	99	37.4
2. 2006	267	106	8	7.5	114	42.7	0	0	114	42.7
3. 2007	237	94	5	5.3	99	41.8	0	0	99	41.8
4. 2008	236	211	4	1.9	215	91.1	0	0	215	91.1
5. 2009	398	214	5	2.3	219	55.0	47	0	266	66.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	160,583	160,583	160,583	160,583	160,583
2. 2005	37,031	42,229	42,229	42,229	42,229
3. 2006	XXX	33,716	38,294	38,294	38,294
4. 2007	XXX	XXX	47,064	55,871	55,871
5. 2008	XXX	XXX	XXX	57,994	67,437
6. 2009	XXX	XXX	XXX	XXX	64,024

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	194,226	194,226	194,226	194,226	194,226
2. 2005	42,334	47,532	47,532	47,532	47,532
3. 2006	XXX	40,110	44,688	44,688	44,688
4. 2007	XXX	XXX	55,815	64,622	64,622
5. 2008	XXX	XXX	XXX	67,600	77,154
6. 2009	XXX	XXX	XXX	XXX	75,202

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2005	48,359	42,229	1,478	3.5	43,707	90.4	.0	.0	43,707	90.4
2. 2006	48,281	38,294	1,451	3.8	39,745	82.3	.0	.0	39,745	82.3
3. 2007	66,561	55,871	1,433	2.6	57,304	86.1	.0	.0	57,304	86.1
4. 2008	82,653	67,437	1,535	2.3	68,972	83.4	112	.0	69,084	83.6
5. 2009	92,581	64,024	1,244	1.9	65,268	70.5	11,177	239	76,684	82.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	161,116	161,116	161,116	161,116	161,116
2. 2005	37,104	42,320	42,320	42,320	42,320
3. 2006	XXX	33,806	38,400	38,400	38,400
4. 2007	XXX	XXX	47,134	55,965	55,965
5. 2008	XXX	XXX	XXX	58,167	67,648
6. 2009	XXX	XXX	XXX	XXX	64,238

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	194,878	194,878	194,878	194,878	194,878
2. 2005	42,431	47,647	47,647	47,647	47,647
3. 2006	XXX	40,225	44,819	44,819	44,819
4. 2007	XXX	XXX	55,905	64,736	64,736
5. 2008	XXX	XXX	XXX	67,814	77,406
6. 2009	XXX	XXX	XXX	XXX	75,463

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2005	48,624	42,320	1,486	3.5	43,806	90.1	.0	.0	43,806	90.1
2. 2006	48,548	38,400	1,459	3.8	39,859	82.1	.0	.0	39,859	82.1
3. 2007	66,798	55,965	1,438	2.6	57,403	85.9	.0	.0	57,403	85.9
4. 2008	82,889	67,648	1,539	2.3	69,187	83.5	.112	.0	69,299	83.6
5. 2009	92,979	64,238	1,249	1.9	65,487	70.4	11,224	239	76,950	82.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income.....	.0								
5. Aggregate write-ins for other policy reserves0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims0	NONE							
10. Reserve for future contingent benefits0								
11. Aggregate write-ins for other claim reserves0								
12. Totals (Gross)0								
13. Reinsurance ceded0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	3,826	42,081	169,699		215,606
2. Salaries, wages and other benefits.....	78,037	858,402	3,461,638		4,398,077
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....	103	1,134	7,892		9,129
5. Certifications and accreditation fees.....			6,475		6,475
6. Auditing, actuarial and other consulting services.....	417	4,589	55,590		60,596
7. Traveling expenses.....	491	5,396	71,973		77,860
8. Marketing and advertising.....	1,518	16,702	80,906		99,126
9. Postage, express and telephone.....	271	2,978	76,705		79,954
10. Printing and office supplies.....	311	3,424	80,484		84,219
11. Occupancy, depreciation and amortization.....	399	4,390	31,992		36,781
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....	1,178	12,959	103,685		117,822
14. Outsourced services including EDP, claims, and other services.....	6,298	69,275	508,670		584,243
15. Boards, bureaus and association fees.....	1,316	14,472	105,368		121,156
16. Insurance, except on real estate.....	1,352	14,879	60,001		76,232
17. Collection and bank service charges.....		32	8,207		8,239
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		47,362	175,080		222,442
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....	4,711	51,823	208,984		265,518
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	5,907,371	0	5,907,371
26. Total expenses incurred (Lines 1 to 25).....	100,228	1,149,898	11,120,720	0 (a)	12,370,846
27. Less expenses unpaid December 31, current year.....		239,000	183,760		422,760
28. Add expenses unpaid December 31, prior year.....	0	143,000	445,959	0	588,959
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	100,228	1,053,898	11,382,919	0	12,537,045
DETAIL OF WRITE-INS					
2501. MPCA - Outreach Program.....			406,179		406,179
2502. Use Tax.....			5,501,192		5,501,192
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	0	5,907,371	0	5,907,371

(a) Includes management fees of \$5,871,338 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)
1.1	Bonds exempt from U.S. tax	(a)
1.2	Other bonds (unaffiliated)	(a)
1.3	Bonds of affiliates	(a)0
2.1	Preferred stocks (unaffiliated)	(b)0
2.11	Preferred stocks of affiliates	(b)0
2.2	Common stocks (unaffiliated)0
2.21	Common stocks of affiliates0
3.	Mortgage loans	(c)
4.	Real estate	(d)
5.	Contract loans
6.	Cash, cash equivalents and short-term investments	(e)58,24144,936
7.	Derivative instruments	(f)
8.	Other invested assets
9.	Aggregate write-ins for investment income00
10.	Total gross investment income58,24144,936
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income0
16.	Total deductions (Lines 11 through 15)0
17.	Net investment income (Line 10 minus Line 16)44,936
DETAILS OF WRITE-INS			
0901.
0902.
0903.
0998.	Summary of remaining write-ins for Line 9 from overflow page00
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)00
1501.
1502.
1503.
1598.	Summary of remaining write-ins for Line 15 from overflow page0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds0
1.1	Bonds exempt from U.S. tax0
1.2	Other bonds (unaffiliated)0
1.3	Bonds of affiliates00000
2.1	Preferred stocks (unaffiliated)00000
2.11	Preferred stocks of affiliates00000
2.2	Common stocks (unaffiliated)00000
2.21	Common stocks of affiliates00000
3.	Mortgage loans00000
4.	Real estate0000
5.	Contract loans0
6.	Cash, cash equivalents and short-term investments00000
7.	Derivative instruments0
8.	Other invested assets00000
9.	Aggregate write-ins for capital gains (losses)00000
10.	Total capital gains (losses)00000
DETAILS OF WRITE-INS						
0901.0
0902.0
0903.0
0998.	Summary of remaining write-ins for Line 9 from overflow page00000
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)00000

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software	73,625	82,713	9,088
19. Furniture and equipment, including health care delivery assets	217,264	154,516	(62,748)
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	550,000	550,000	0
23. Aggregate write-ins for other than invested assets	35,554	25,392	(10,162)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	876,443	812,621	(63,822)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	876,443	812,621	(63,822)
DETAILS OF WRITE-INS			
0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0
2301. Prepaid Expenses.....	35,554	25,392	(10,162)
2302.			0
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	35,554	25,392	(10,162)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	25,777	26,288	26,911	27,207	28,566	323,793
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	25,777	26,288	26,911	27,207	28,566	323,793
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A) **Accounting Practices**
The 2009 Annual Statement has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.
- B) **Use of Estimates in the Preparation of the Financial Statements**
The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.
- C) **Accounting Policy**
Reinsurance premiums were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses.

Note 2 - Accounting Changes and Corrections of Errors

Psychotropic drug reimbursements of \$2,562,069 are being netted against pharmacy expenses. Use tax expense through December 31, 2009 is \$5,501,192 and is included in administrative expenses. In addition, the State of Michigan implemented a hospital supplements payments protocol that assesses the hospitals operating revenue, uses those funds to generate matching dollars from CMS to increase funding for the state Medicaid program. These funds are paid directly to the hospitals for Graduate Medical Education (GME) or Hospital Rate Adjustments (HRA) and are reported as hospital payments. These supplemental payments included in the quarterly filing totaled \$21,044,940.

Note 3 - Business Combinations and Goodwill

NONE

Note 4 - Discontinued Operations

NONE

Note 5 - Investments

As of December 31, 2009 the company is invested in money market accounts.

Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

Note 7 – Investment Income

As of December 31, 2009, the Company had \$159 of admitted investment income due and accrued and included in the statement of revenue and expenses.

Note 8 - Derivative Instruments

NONE

Note 9 - Income Taxes

- A) NONE
- B) NONE
- C) NONE
- D) NONE
- F) NONE
- E) NONE

Note 10-Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Company is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 56.27% and Portage Health System owns 10.02% of the Plan's outstanding common stock.
- B) NONE
- C) The Plan paid a management fee of \$5,871,338 to its management company, the Upper Peninsula Managed Care, LLC through December 31, 2009. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

NOTES TO FINANCIAL STATEMENTS

Note 11-Debt

The Plan currently has no outstanding debt.

Note 12-Retirement Plans, Deferred Compensation, Postemployment Benefits & Compensated Absences, and other Postretirement Benefit Plans

NONE

Note 13-Capital, Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations

As of December 31, 2009, the Plan has 29,935 shares of non-voting common stock issued and outstanding. The Plan has no preferred stock issued or outstanding.

Note 14-Contingencies

NONE

Note 15-Leases

NONE

Note 16-Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NONE

Note 17-Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

NONE

Note 18-Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NONE

Note 19-Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

NONE

Note 20 – Other Items

Financial Examination

The Plan underwent a financial examination in 2009 by Michigan’s Office of Financial & Insurances Regulation as of December 31, 2008. A copy of this report was made available for public inspection as of November 24, 2009.

Note 21-Events Subsequent

NONE

Note 22-Reinsurance

NONE

Note 23-Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Plan's current book of business is the Michigan Managed Medicaid and MICHild contracts. The Plan has no retroactive features in its contracts.

Note 24-Change in Incurred Claims and Claim Adjustment Expense

NONE

Note 25-Intercompany Pooling Arrangements

NONE

NOTES TO FINANCIAL STATEMENTS

Note 26-Structured Settlement

NONE

Note 27-Health Care Receivables

The Plan’s health care receivables as of December 31, 2009 totaled \$582,025 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$209,333) and maternity case rates (\$372,692) for children born to mothers in the Plan. Other receivables include a refundable deposit with the Plan's Pharmacy Benefit Manager of (\$550,000). The refundable deposit is a prepaid expense and is considered a non-admitted asset for statutory accounting purposes.

Note 28-Participating Policies

NONE

Note 29-Premium Deficiency Reserves

NONE

Note 30-Anticipated Salvage and Subrogation

The Company signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. As of December 31, 2009, First Recovery Group recovered \$69,185 for the Company this year.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?.....

Michigan.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2008
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....11/24/2009
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....11/24/2009
- 3.4

By what department or departments? Michigan Office of Financial & Insurance Regulation.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ N/A ☐
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes ☐ No ☒

4.12 renewals? Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes ☐ No ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?.....

Thomson & Thomson PC, 1901 W Ridge St. Marquette, MI 49855.....
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....

Milliman, 15800 Bluemound Road Suite 400, Brookfield, WI 53005.....
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?.....

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved.....

11.13

Total book/adjusted carrying value..... \$.....
- 11.2

If yes, provide explanation.....
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States manager or the United States Trustees of the reporting entity?.....
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []
- 13.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.
- 13.11

If the response to 13.1 is No, please explain:.....
- 13.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 13.21

If the response to 13.2 is Yes, provide information related to amendment(s).....
- 13.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 13.31

If the response to 13.3 is Yes, provide the nature of any waiver(s).....

BOARD OF DIRECTORS

14.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
15.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
16.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

GENERAL INTERROGATORIES
FINANCIAL

17.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g. Generally Accepted Accounting Principles)?

Yes [☐] No [☒]

18.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$0

18.12 To stockholders not officers

\$0

18.13 Trustees, supreme or grand (Fraternal only)

\$0

18.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$0

18.22 To stockholders not officers

\$0

18.23 Trustees, supreme or grand (Fraternal only)

\$0

19.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [☐] No [☒]

19.2

If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$

19.22 Borrowed from others

\$

19.23 Leased from others

\$

19.24 Other

\$

20.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [☐] No [☒]

20.2

If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$

20.22 Amount paid as expenses

\$

20.23 Other amounts paid

\$

21.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [☐] No [☒]

21.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

22.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes [☐] No [☒]

22.2

If no, give full and complete information, relating thereto.....
All securities of the compnay are in the custody of Wells Fargo Institutional Trust Services. The company does not actually possess any security.....

22.3

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided).....
The Upper Peninsula Health Plan does not have a security lending program.....

22.4

Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [☒] No [☐] N/A [☐]

22.5

If answer to 22.4 is yes, report amount of collateral.

\$0

22.6

If answer to 22.4 is no, report amount of collateral.

\$0

23.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3)

Yes [☒] No [☐]

23.2

If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$

23.22 Subject to reverse repurchase agreements

\$

23.23 Subject to dollar repurchase agreements

\$

23.24 Subject to reverse dollar repurchase agreements

\$

23.25 Pledged as collateral

\$

23.26 Placed under option agreements

\$

23.27 Letter stock or securities restricted as to sale

\$

23.28 On deposit with state or other regulatory body

\$1,032,722

23.29 Other

\$

23.3

For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

24.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [☐] No [☒]

24.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [☐] No [☐] N/A [☐]

25.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [☐] No [☒]

25.2

If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES

26. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

26.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Wells Fargo Institutional Trust Services.....	101 W. Washington St. Marquette, MI 49855.....

26.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>3</div> <div>Complete Explanation(s)</div>
.....
.....
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?

Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....
.....
.....

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>3</div> <div>Address</div>
.....
.....
.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No [X]

27.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
.....
27.2999 TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....
.....

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	0		0
28.2 Preferred stocks.....	0		0
28.3 Totals	0	0	0

28.4 Describe the sources or methods utilized in determining the fair values:.....
The Upper Peninsula Health Plan does not currently own any bonds or preferred stocks.....

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [] No []

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:...

30.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

30.2 If no, list exceptions:.....

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$45,000

31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans.....	\$45,000

32.1 Amount of payments for legal expenses, if any? \$3,318

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Foster, Swift, Collins & Smith PC.....	\$3,318

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
1.2 If yes, indicate premium earned on U. S. business only \$ 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
1.31 Reason for excluding
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ 0
1.6 Individual policies:
Most current three years:
1.61 Total premium earned \$ 0
1.62 Total incurred claims \$ 0
1.63 Number of covered lives 0
All years prior to most current three years:
1.64 Total premium earned \$ 0
1.65 Total incurred claims \$ 0
1.66 Number of covered lives 0
1.7 Group policies:
Most current three years:
1.71 Total premium earned \$ 0
1.72 Total incurred claims \$ 0
1.73 Number of covered lives 0
All years prior to most current three years:
1.74 Total premium earned \$ 0
1.75 Total incurred claims \$ 0
1.76 Number of covered lives 0
2. Health Test:
2.1 Premium Numerator \$ 92,979,928 2. Premium Denominator \$ 82,890,022
2.3 Premium Ratio (2.1/2.2) 1.000
2.4 Reserve Numerator \$ 11,336,080 2. Reserve Denominator \$ 9,647,000
2.6 Reserve Ratio (2.4/2.5) 1.000
3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [] No [X]
3.2 If yes, give particulars:
4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
5.2 If no, explain:
5.3 Maximum retained risk (see instructions)
5.31 Comprehensive Medical \$ 100,000
5.32 Medical Only \$ 0
5.33 Medicare Supplement \$ 0
5.34 Dental and Vision \$ 0
5.35 Other Limited Benefit Plan \$ 0
5.36 Other \$ 0
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
As part of our reinsurance policy we have insolvency protection. Also, we have an insolvency provision in our provider contracts.
7.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No []
7.2 If no, give details:
8. Provide the following Information regarding participating providers:
8.1 Number of providers at start of reporting year 817
8.2 Number of providers at end of reporting year 864
9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months
9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....200,000

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [X] No []

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan.....

11.4 If yes, show the amount required.

\$.....5,824,830

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12.1 List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Region 8: Which includes all counties in Michigan's Upper Peninsula.....
.....
.....
.....
.....

13.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

FIVE - YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	35,704,542	28,417,295	22,630,343	14,817,518	11,727,804
2. Total liabilities (Page 3, Line 22)	11,814,840	10,291,959	9,412,538	7,433,226	7,124,557
3. Statutory surplus	5,824,830	0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	23,889,702	18,125,336	13,217,805	7,384,292	4,603,247
Income Statement (Page 4)					
5. Total revenues (Line 8)	92,979,928	82,890,022	66,797,874	48,498,038	48,623,941
6. Total medical and hospital expenses (Line 18)	74,825,830	67,157,125	52,572,708	39,687,404	41,918,246
7. Claims adjustment expenses (Line 20)	1,250,126	1,540,043	1,437,986	1,458,558	1,486,435
8. Total administrative expenses (Line 21)	11,120,720	9,770,567	7,677,833	5,999,159	5,862,078
9. Net underwriting gain (loss) (Line 24)	5,783,252	4,422,287	5,109,347	2,232,917	(642,818)
10. Net investment gain (loss) (Line 27)	44,936	496,455	833,839	621,919	351,357
11. Total other income (Lines 28 plus 29)	0	0	15,771	3,501	0
12. Net income (loss) (Line 32)	5,828,188	4,918,742	5,958,957	2,858,337	67,862
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	7,401,260	6,713,479	6,841,006	3,491,810	(767,500)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	23,889,702	18,125,336	13,217,805	7,384,292	4,603,247
15. Authorized control level risk-based capital.....	2,912,415	2,731,582	2,249,921	2,076,758	2,192,751
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	28,566	25,777	25,447	25,447	25,942
17. Total member months (Column 6, Line 7)	323,793	308,290	304,379	308,317	313,007
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus 19)	80.5	81.0	78.7	81.8	86.2
20. Cost containment expenses	0.1	0.2	0.2	0.3	0.3
21. Other claims adjustment expenses	1.2	1.7	1.9	2.7	2.7
22. Total underwriting deductions (Line 23)	93.8	94.7	92.4	95.4	101.3
23. Total underwriting gain (loss) (Line 24)	6.2	5.3	7.6	4.6	(1.3)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	9,592,560	8,417,766	4,593,731	5,216,062	6,952,144
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	9,647,000	8,771,000	6,418,000	5,327,000	6,702,000
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24 Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?..... Yes [] No []

If no, please explain:

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

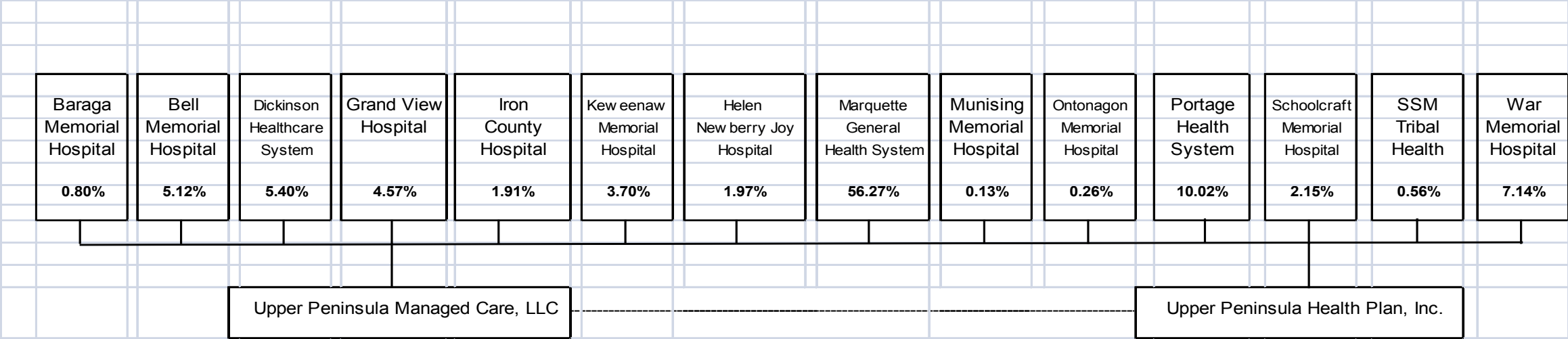
Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	L	401,563		92,745,116				93,146,679	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CN	N							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		401,563	0	92,745,116	0	0	0	93,146,679	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		401,563	0	92,745,116	0	0	0	93,146,679	0
DETAILS OF WRITE-INS										
5801.	XXX								0	
5802.	XXX								0	
5803.	XXX								0	
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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